
Investment Committee Semi-Annual Activity Report

| 5. Real Estate



Fast Facts (12/31/2023)

Net Asset Value (\$ in millions): \$49,407

RE Allocation as Percent of Total Portfolio:

- Current: 15.1%
- Long-term target: 15.0%

Benchmark:

NFI-ODCE Value-Weighted Index

Net of fees (quarter lag)

SOLD!



Springhurst Towne Center

Acquired in 2011, the ~440,000 sq ft regional open-air shopping center in Louisville, KY sold in Q4 2023. The property sold for ~\$66 million, generating a 3.5% net IRR and a 1.24X net equity multiple.



Midtown Plaza / 1710 Platte

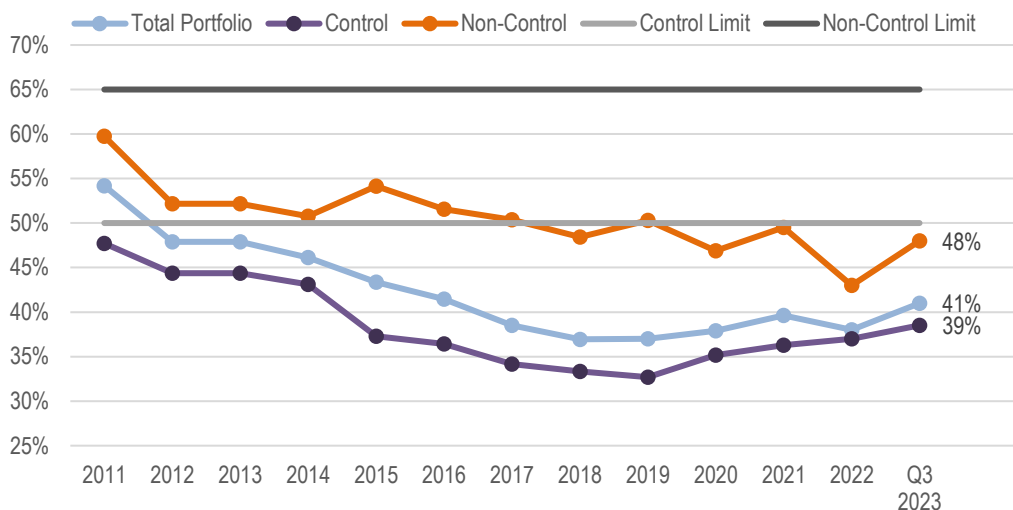
Two office buildings located in Denver, CO and Raleigh, NC were sold in Q4 2023. These assets were acquired in 2018 and 2015 respectively. The assets sold for a combined ~\$262 million, generating a 6.6% net IRR and 1.1x net equity multiple.

Real Estate Net Time Weighted Returns

2023 Q4	NAV (\$ in millions)	Current Quarter	1 Year	3 Year	5 Year
Total Portfolio	\$49,407	-1.04%	-9.22%	8.20%	7.74%
NFI-ODCE Net	\$219,810	-2.10%	-12.88%	6.19%	4.72%

*Green cells denote outperformance relative to NFI-ODCE. NFI-ODCE is reported on a one quarter lag.

Portfolio Leverage



*Data as of Q3 2023

The Real Estate Portfolio has leverage limits for both the control and non-control portfolio. The non-control leverage limit is 65 percent, while the control portfolio has a leverage limit of 50 percent. Total portfolio leverage of 41 percent is within the 37 percent to 55 percent range over the past 10 years and is within policy limits. Leverage is consistently monitored and considered as investment decisions are made.

Real Estate Market Snapshot - Canadian Industrial

Canada is a target market for the CalSTRS' Industrial portfolio. In 2023, Canada's population increased by 1.25 million new residents or 3.25 percent of the country's overall population. The growth of population, the rise of e-commerce, and the need for efficient logistics have continued to fuel the demand for modern industrial facilities in Canada. The CalSTRS industrial portfolio has been investing in Canada since 2011 with Panattoni Development Company's Canadian office as the local joint venture partner. All of CalSTRS' industrial investments in Canada are in the Greater Toronto Area (GTA) which is considered the 5th largest in terms of industrial inventory in North America, with approximately 900 million sf of industrial real estate in place or under development. Toronto is Canada's most populous city, a major trading route with U.S. markets, and with constrained supply, the GTA remains a high conviction market.

As of Q3 2023, the composition of CalSTRS' Canadian industrial portfolio is classified as 90 percent Core (including develop to core) and 10 percent Opportunistic. The ~\$1B portfolio has produced a net equity return to CalSTRS of ~26 percent since inception. All CalSTRS Canadian assets are purchased and leveraged in local currency and an active hedging program is in place to minimize currency fluctuations between the U.S. and Canada.

Real Estate Commitment Activity (July 2023 - Dec 2023)

Investment Name	Control / Non-Control*	Strategy	Vehicle	Property Type	Amount (\$ in millions)
Legacy Communities JV	Control	Value-Add	JV	Residential	\$150
SROA Collaborative Managed Account	Control / Non-Control**	Opportunistic	Co-investment / Fund	Self-Storage	\$150
3650 REIT Special Situations Fund 1	Control / Non-Control**	Opportunistic	Co-investment / Fund	Diversified	\$131
Fortress Collaborative Managed Account	Control / Non-Control**	Opportunistic	JV / Fund	Diversified	\$150
Clarion UK Logistics Fund	Non-Control	Value-Add	Fund	Industrial	\$100
					\$681

* Control Investments are subject to CalSTRS approval for every investment.

** Vehicles designated as Control / Non-Control are made up of two distinct verticals. One vertical has control while the other is a non-control vehicle.

Real Estate Disposition Activity (July 2023- Dec 2023)

Investment Name	Location	Strategy	Vehicle	Property Type	Net Sale Amount to CalSTRS (\$ in millions)
1710 Platte Street	Colorado	Core	Separate Account	Office	\$40
Midtown Plaza	North Carolina	Core	Separate Account	Office	\$42
Braemar Village Center	Virginia	Core	JV	Retail	\$23
Springhurst Towne Center	Kentucky	Core	Separate Account	Retail	\$30
Noble Energy Center Two	Texas	Core	Separate Account	Office	\$74
Manor Six Forks	North Carolina	Core	JV	Residential	\$47
Sunnyvale	California	Core	JV	Office	\$25
Two Congress	Boston	Opportunistic	JV	Land	\$50
Woolworth Building	New York	Opportunistic	JV	Residential	\$25
Pen Factory	California	Core	Separate Account	Office	\$52
Partial sales and sales returning \$20M or less	Multiple	All	Multiple	Multiple	\$774
					\$1,182